

DEPARTMENT OF STATE REVENUE**LETTER OF FINDINGS NUMBER: 98-0432RST****Sales Tax****For Years 1995, 1996, and 1997**

NOTICE: Under Ind. Code § 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE**I. Sales Tax – Unitary Transactions**

Authority: Ind. Admin. Code tit. 45, r. 2.2-1-1;
Ind. Admin. Code tit. 45, r. 2.2-2-2.

The taxpayer protests the imposition of sales tax on its sale of party packages.

STATEMENT OF FACTS

The taxpayer is an Indiana company engaged in the business of operating a roller skating rink within the state. The taxpayer rents skates and operates a pro shop, an arcade, and a concession stand. The taxpayer offers party packages for sale to the public that include admission to the rink, skate rental, food, and drink. A single price is charged for the party packages. An audit was conducted covering the years 1995, 1996, and 1997. The taxpayer was assessed sales tax for the full amount of the sales price of the party packages it sold during that period. The taxpayer protests the imposition of sales tax on the entire price of the party packages.

The taxpayer failed to appear at the scheduled administrative hearing. This Letter of Findings is based on the taxpayer's protest letter and other information contained in the Department of Revenue file.

I. Sales Tax – Unitary Transactions**DISCUSSION**

The taxpayer maintains that, for sales tax purposes, the amount it charges for its party packages should be broken down into taxable and non-taxable portions. It states that fifty two percent

(52%) of the party package price is for admission to the skating rink, while forty eight percent (48%) is for food items and skate rental. The taxpayer argues that fifty two percent (52%) of the sales price of its party packages should be exempt from sales tax as an admission fee. In Indiana, the gross retail, or sales, tax applies to each retail unitary transaction. Ind. Admin. Code tit. 45, r. 2.2-1-1(a). "A unitary transaction shall include all items of property and/or services for which a total combined charge or selling price is computed for payment irrespective of the fact that services which would not otherwise be taxable are included in the charge or selling price." *Id.* The taxpayer's sale of its party packages constitute a retail unitary transaction, therefore, the entire price is subject to sales tax. The retail merchant, the taxpayer in this case, acts as an agent for the state of Indiana and must collect the sales tax. Ind. Admin. Code tit. 45, r. 2.2-2-2.

FINDING

The taxpayer's protest is denied.